

SAIFUDDIN NASUTION ISMAIL (MENDAKWA SEBAGAI
SETIAUSAHA AGUNG PARTI KEADILAN RAKYAT, UNTUK DAN
BAGI PIHAK PARTI KEADILAN RAKYAT)
v. ZURAIDA KAMARUDDIN

HIGH COURT MALAYA, KUALA LUMPUR
AKHTAR TAHIR J
[CIVIL SUIT NO: WA-22NCvC-621-09-2020]
1 SEPTEMBER 2023

Abstract – *A political party member, who has executed a bond to comply with the conditions stated therein is bound to do so, failure of which would attract an action under breach of contract. The bond in this case, is intended to instil loyalty to the political party. Having expended a considerable amount of money for the party member to stand as a candidate in the Parliamentary Election, once the party member breaches the conditions provided in the bond, the political party is entitled to claim for the amount agreed under the bond.*

CONTRACT: *Agreement – Breach – Claim for sum promised under bond – Agreement – Whether bond fulfilled requirements of valid contract specified under Contracts Act 1950 – Whether there was valid agreement between parties – Intention of parties in executing bond – Whether purported to instil loyalty to political party – Whether sum quoted in bond excessive – Whether sum intended to deter elected candidate from being disloyal to political party – Whether breach of agreement established*

The plaintiff, a political party, filed this case through its Secretary General against the defendant who, at the material time, was an elected Member of Parliament. The plaintiff's claim against the defendant was for a sum of RM10 million which the defendant had promised to pay under a bond signed with the plaintiff on the occurrence of any of the events mentioned in the bond. The plaintiff contended that a number of events as mentioned in the bond had occurred after the defendant was elected as a Member of Parliament on the plaintiff's ticket in the 14th General Election. This occurrence of the events had triggered the need for the defendant to keep her promise and pay the sum as agreed under the bond. The defendant, in her defence, amongst others, alleged that the bond was an invalid document and was therefore, not enforceable against her. Even if the bond was valid, the defendant contended her consent to the bond was not voluntary and the sum mentioned in the bond was unconscionable.

A Held (allowing plaintiff's claim with costs):

- B** (1) The bond was an agreement which fulfilled all the requirements of a valid contract as specified under the Contracts Act 1950. The plaintiff had signified to the defendant its willingness in choosing the defendant as a candidate in the 14th Parliamentary Election and allowing the defendant to use all its paraphernalia and goodwill while standing in the election. The defendant, on her part, signified her assent to the proposal of the plaintiff by standing in the 14th Parliamentary Election and winning the Parliamentary seat on behalf of the plaintiff. This mutual promise of both the plaintiff and the defendant which were subsequently carried out, amounted to a consideration for each other's promises. A valid agreement between the parties was thus formed. (paras 6 & 8-10)
- D** (2) The purport of the bond was not to restrict the right of association of the defendant but rather to instil in the defendant the importance of loyalty to the party as well as the awareness that the party had made many sacrifices since its formation. Looking at the bond and the agreement between the parties from this angle, the intention of the bond was not to restrict the right of association of the defendant and therefore it did not flout the fundamental rights contained in the Federal Constitution. (paras 15 & 16)
- E** (3) The signature on the bond was of the defendant. Having challenged the signature seriously, the defendant failed to adduce any evidence challenging or in any way disputing the authenticity of the signature. On the contrary, there was evidence by the plaintiff's witness that the formulation of the bond was discussed and accepted at the Central Working Committee (CWC), of which the defendant was a member by virtue of being the vice president of the plaintiff. Hence, not only did the defendant consent to signing the bond but she was also well versed with the contents of the bond. The contract between the parties remained valid. (paras 18, 19 & 22-24)
- F**
- G** (4) The defendant's allegation that the sum of RM10 million quoted in the bond was excessive and that there was no proof that such money was spent on her for the purpose of being chosen as a candidate, flew in her own face by her express admission in the bond that the plaintiff had spent a sum in excess of RM10 million on her. The defendant was bound by her own admission. As the whole purport of the bond was to deter an elected candidate from being disloyal to the party, the sum of RM10 million was not an excessive or a punitive sum and would act as a deterrent for any disloyalty. (paras 25-28)
- H**
- I** (5) The plaintiff had led ample evidence to show that the defendant had breached the very essence of the contract, the loyalty towards the party. The evidence had not been challenged by the defendant. The conduct of

the defendant was a relevant factor to be taken into account in determining her loyalty towards the party. The defendant's misconduct led to the termination of her membership, which was itself a ground for allowing the plaintiff to enforce the payment of RM10 million. Since the defendant had breached the agreement, the plaintiff was entitled to the sum of money as promised. (paras 30-32 & 34)

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Legislation referred to:

Contracts Act 1950, ss. 2, 19(1)

Evidence Act 1950, ss. 8, 21, 103

Federal Constitution, art. 10

For the plaintiff - Navpreet Singh, William Leong & Chiew Choo Man; M/s William Leong & Co

C

For the defendant - Nurul Najwa Zainuddin & Rodziinah Mat Zain; M/s Zharif Nizamuddin

Reported by S Barathi

D

JUDGMENT

Akhtar Tahir J:

Introduction

[1] The plaintiff, which is a political party, filed this case through its Secretary General against the defendant who at the material time was an elected member of Parliament. The plaintiff's claim against the defendant is for a sum of RM10 million which the defendant had promised to pay under a bond signed with the plaintiff on the occurrence of any of the events mentioned in the bond.

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[2] The plaintiff's claim proceeded to a full trial whereby both the parties adduced oral evidence as well as documentary evidence. Oral evidence was adduced by the oral testimony amongst others of the Secretary General himself and the defendant. The documentary evidence were all contained in a joint bundle of documents which were duly marked.

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The Brief Facts

[3] The defendant being chosen as a candidate to stand in the 14th General Election on behalf of the plaintiff signed a bond promising to pay the plaintiff RM10 million on the occurrence of any of the events mentioned in the bond. The events were expressly provided in the bond.

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[4] The plaintiff contends that a number of events as mentioned in the bond had occurred after the defendant was elected as a Member of Parliament on the plaintiff's ticket. This occurrence of the events had triggered the need for the defendant to keep her promise and pay the sum as agreed under the bond.

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- A [5] The defendant in her defence amongst other alleged that the bond is an invalid document and therefore not enforceable against her. Even if the Bond was valid the defendant contends her consent to the bond was not voluntary and the sum mentioned in the bond was unconscionable.

The Validity Of The Bond

- B [6] In determining the validity of the bond, the court perused the bond in its entirety. After perusing the bond in its entirety the court found the bond to be an agreement which fulfilled all the requirements of a valid contract as specified under the Contracts Act 1950.

- C [7] Section 2 of the Contracts Act 1950 defines the criteria for an agreement being a contract enforceable under the law as follows:

In this Act the following words and expressions are used in the following senses, unless a contrary intention appears from the context:

- D (a) when one person signifies to another his willingness to do or to abstain from doing anything, with a view to obtaining the assent of that other to the act or abstinence, he is said to make a proposal;
- (b) when the person to whom the proposal is made signifies his assent thereto, the proposal is said to be accepted: a proposal, when accepted, becomes a promise;
- E (c) the person making the proposal is called the “promisor” and the person accepting the proposal is called the “promisee”;
- (d) when, at the desire of the promisor, the promisee or any other person has done or abstained from doing, or does or abstains from doing, or promises to do or to abstain from doing, something, such
- F act or abstinence or promise is called a consideration for the promise;
- (e) every promise and every set of promises, forming the consideration for each other, is an agreement;
- G (f) promises which form the consideration or part of the consideration for each other are called reciprocal promises;
- (g) an agreement not enforceable by law is said to be void;
- (h) an agreement enforceable by law is a contract;
- H (i) an agreement which is enforceable by law at the option of one or more of the parties thereto, but not at the option of the other or others, is a voidable contract; and
- (j) a contract which ceases to be enforceable by law becomes void when it ceases to be enforceable.

- I [8] In this case, the plaintiff had signified to the defendant its willingness in choosing the defendant as a candidate in the 14th Parliamentary Election and allowing the defendant to use all its paraphernalia and goodwill while standing in the election.

[9] The defendant on her part signified her assent to the proposal of the plaintiff by standing in the 14th Parliamentary Election and winning the Parliamentary seat on behalf of the plaintiff. A

[10] This mutual promises of both plaintiff and the defendant which were subsequently carried out, amounts to a consideration for each other's promises. A valid agreement between the parties is thus formed. B

[11] The defendant although not disputing the existence of the agreement, contend that the agreement between the plaintiff and the defendant is unenforceable as it has the effect of restricting the defendant's right of association which is a fundamental right guaranteed under art. 10 of the Federal Constitution. C

[12] Article 10 of the Federal Constitution stipulates:

(1) Subject to Clauses (2), (3), (3A) and (4):

- (a) every citizen has the right to freedom of speech and expression;
- (b) all citizens have the right to assemble peaceably and without arms;
- (c) **all citizens have the right to form associations.**

(emphasis added)

(2) Parliament may by law impose:

- (a) on the rights conferred by paragraph (a) of Clause (1), such restrictions as it deems necessary or expedient in the interest of the security of the Federation or any part thereof, friendly relations with other countries, public order or morality and restrictions designed to protect the privileges of Parliament or of any Legislative Assembly or to provide against contempt of court, defamation, or incitement to any offence;
- (b) on the right conferred by paragraph (b) of Clause (1), such restrictions as it deems necessary or expedient in the interest of the security of the Federation or any part thereof or public order;
- (c) on the right conferred by paragraph (c) of Clause (1), such restrictions as it deems necessary or expedient in the interest of the security of the Federation or any part thereof, public order or morality.

(3) Restrictions on the right to form associations conferred by paragraph (c) of Clause (1) may also be imposed by any law relating to labour or education. H

(3A) Notwithstanding paragraph (c) of Clause (2) and Clause (3), the right to form associations conferred by paragraph (c) of Clause (1) in relation to a member of the House of Representatives and Legislative Assembly of any State shall be subjected to restrictions imposed by Article 49A and section 7A of the Eighth Schedule respectively. I

- A (4) In imposing restrictions in the interest of the security of the Federation or any part thereof or public order under paragraph (a) of Clause (2), Parliament may pass law prohibiting the questioning of any matter, right, status, position, privilege, sovereignty or prerogative established or protected by the provisions of Part III, Article 152, 153 or 181 otherwise than in relation to the implementation thereof as may be specified in such law.
- B

[13] The court thought that it was necessary to determine the actual intention of the parties in executing the bond. The court found the actual intention of the parties in the answers given by the plaintiff's witness, the Secretary General of the party, Saifuddin Nasution who testified as follows:

- C S6. Apakah tujuan ikatan Bon tersebut disediakan?
- D J6: Ikatan Bon tersebut disediakan untuk memastikan Defendan yang akan bertanding dalam Pilihan Raya Umum Ke-14 (PRU14) atas tiket Parti memahami dan mengakui bahawa Parti tersebut telah menanggung perbelanjaan yang besar untuk mempromosikan nama "Parti Keadilan Rakyat" dan penggunaan logo, lambang, symbol dan sokongan oleh anggota-anggota Parti adalah sangat bernilai bagi seseorang, termasuk Defendan, yang ingin bertanding sebagai calon atas tiket Parti tersebut, dalam PRU14.
- E Ikatan Bon tersebut juga disediakan bagi memastikan Defendan memahami dan mengakui bahawa pelantikan Defendan sebagai calon dan pemberian kebenaran kepada Defendan untuk mengguna pakai logo, lambang, symbol dan bendera Parti adalah bernilai lebih daripada RM10,000,000.00.
- F Atas pemahaman dan pengakuan tersebut, Defendan akan bersetuju dan telah pun bersetuju untuk membayar kepada Parti tersebut pampasan yang dipersetujui iaitu RM10,000,000.00 dalam keadaankeadaan yang dinyatakan dalam Ikatan Bon tersebut

- G [14] This answer of the plaintiff's witness was not specifically challenged by the defendant in cross-examination. The court accepted this answer to reflect the actual intention of the parties in the execution of the bond. The answer given above was also borne out by the contents of the bond itself. In determining the purport of the bond and the intention behind its preparation it is the court's duty to view the bond as a whole and not only look at parts of it.
- H [15] From the reading of the bond as a whole, the court agrees with the contention of the plaintiff that the purport of the bond was not to restrict the right of association of the defendant but rather to instil in the defendant the importance of loyalty to the party as well as the awareness that the party had made many sacrifices since its formation.

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[16] Looking at the bond and the agreement between the parties from this angle, the court rules that the intention of the bond was not to restrict the right of association of the defendant and therefore, it does not flout the fundamental rights contained in the Federal Constitution. A

Consent

[17] Having ruled that the bond is a contract, the court next considered the allegation of the defendant that she had not consented to the terms of the bond. The defendant contends that as she was in a hurry she did not read the contents before signing the bond. B

[18] When shown her signature on the bond the defendant seemed evasive while testifying in court, by saying that the signature looked like hers. Looking at her half-hearted response the court ruled that the signature on the bond was of the defendant. C

[19] Even if she had challenged the signature seriously, the defendant failed to adduce any evidence challenging or in any way disputing the authenticity of the signature. D

[20] The next issue to be considered is whether the defendant consented to signing the bond. Lack of consent can invalidate a contract as stated in s. 19(1) of the Contracts Act 1950: E

(1) When consent to an agreement is caused by coercion, fraud, or misrepresentation, the agreement is a contract voidable at the option of the party whose consent was so caused.

[21] As it is defendant who has alleged lack of consent the burden of proof is upon the defendant to prove the same. Section 103 of the Evidence Act 1950 states: F

The burden of proof as to any particular fact lies on that person who wishes the court to believe in its existence, unless it is provided by any law that the proof of that fact shall lie on any particular person.

ILLUSTRATIONS

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(a) A prosecutes B for theft and wishes the court to believe that B admitted the theft to C. A must prove the admission.

(b) B wishes the court to believe that at the time in question he was elsewhere. He must prove it. H

[22] Apart from her own oral testimony, which to the court was not convincing that she had signed the bond unwillingly, no other evidence was adduced in court to support her contention.

[23] On the contrary there was evidence by the plaintiff witness that the formulation of the bond was discussed and accepted at the Central Working Committee (CWC) of which the defendant is a member by virtue of being the vice president of the plaintiff. I

- A [24] On this issue, the court concludes that not only the defendant consented to signing the bond but was also well versed with the contents of the Bond. In short, the contract between the parties remains valid.

Unconscionable Amount

- B [25] The defendant also alleges that the sum of RM10 million quoted in the bond is excessive and there is no proof that such a money was spent on her for the purpose of being chosen as a candidate.

- C [26] This allegation of the defendant flies in her own face by the express admission by her in the bond that the plaintiff has spent a sum in excess of RM10 million on her. The third recital in the bond states:

- D Whereas I acknowledge that Parti Keadilan Rakyat by its letter of appointment to me to be a candidate of Parti Keadilan Rakyat and grant me use of the Parti Keadilan Rakyat logo, insignia and Party flag as a candidate of Parti Keadilan Rakyat has provided me substantial value which exceeds Ringgit Malaysia Ten Million (RM10,000,000.00).

- [27] The defendant is bound by her own admission as provided under s. 21 of the Evidence Act 1950:

- E **Admissions are relevant and may be proved as against the person who makes them or his representative in interest;** but they cannot be proved by or on behalf of the person who makes them or by his representative in interest except in the following cases. (emphasis added)

- F [28] Apart from the defendant's admissions, it is the court's view that the whole purport of the bond is to deter an elected candidate from being disloyal to the party. This being the case the sum of RM10 million is not an excessive or a punitive sum and will act as a deterrent for any disloyalty. Any amount lesser than this might not be an effective deterrence.

- G [29] The court further rules that the evidence adduced by the plaintiff showing its income and expenditure accounts is not a relevant or a necessary factor in determining this issue.

Breach Of The Agreement

- H [30] In this case, the plaintiff has led ample evidence in terms of newspaper and social media reports which has not been challenged by the defendant. All this evidence show that the defendant has breached the very essence of the contract, the loyalty towards the party.

- [31] The conduct of the defendant is a relevant factor to be taken into account in determining her loyalty towards the party. Section 8 of the Evidence Act 1950 states:

- I (1) Any fact is relevant which shows or constitutes a motive or preparation for any fact in issue or relevant fact.

(2) The conduct of any party, or of any agent to any party, to any suit or proceeding in reference to that suit or proceeding, or in reference to any fact in issue therein or relevant thereto, and the conduct of any person an offence against whom is the subject of any proceeding, is relevant if the conduct influences or is influenced by any fact in issue or relevant fact, and whether it was previous or subsequent thereto.

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Explanation 1 – The word “conduct” in this section does not include statements unless those statements accompany and explain acts other than statements; but this explanation is not to affect the relevancy of statements under any other section of this Act.

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Explanation 2 – When the conduct of any person is relevant any statement made to him or in his presence and hearing which affects his conduct is relevant.

C

[32] This misconduct of the defendant led to the termination of her membership of the plaintiff. The termination of the membership of the defendant is itself a ground allowing the plaintiff to enforce the payment of RM10 million.

D

[33] The plaintiff’s right to demand for the RM10 million from the defendant is clearly stipulated in the bond as follows:

Now I Hereby Agree That The Above Written Obligation to pay Parti Keadilan Rakyat the sum of Ringgit Malaysia 10 million (RM10,000,000) not later than (7) days upon the occurrence of any one of the following events:

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2. Upon the Secretary General of Parti Keadilan Rakyat issuing a certificate that I have resigned as a member of Parti Keadilan Rakyat or **if my membership of Parti Keadilan Rakyat is terminated for any reason whatsoever which I hereby agree such certificate shall be conclusive valid, binding and not contestable by me;**

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(emphasis added)

Conclusion

[34] In this case, the court found that since the defendant had breached the agreement with the plaintiff. The plaintiff were entitled to the sum of money as promised. The court therefore allowed the plaintiff’s claim with a cost of RM50,000.

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